THE VICE-CHAIRMAN (SHRI JAGDESH DESAI): That is all, please. You have already taken five minutes more The Minister's statement is also there.

SHRI YALLA SESI BHUSHANA RAO: Sir, these are some of the important lines and proposals and I request the Minister to favourably consider what all I have submitted. Thank you.

STATEMENT BY MINISTER

Home Loan Account Scheme by National Housing Bank

THE MINISTER OF STATE IN THE DEPARTMENT OF ECONOMIC AFFAIRS IN THE MINISTRY OF FINANCE (SHRI EDUARDO FALEIRO): Sir, The National Housing Bank was set up by the Government of India in July 1988 with the view to accelerate and streamline the flow of finance for housing purposes. This Bank would on the one hand strengthen the existing housing finance institutions and on the other would promote new institutions for giving housing loans. The National Housing Bank would also formulate schemes for making housing loans available to weaker sections of the society. Keeping in view these objectives, the Bank has decided to provide a thrust to flow of credit for small dwelling units. To begin with, it would be providing refinance facilities for loans upto Rs. 50,000. Moreover, while providing funds to public housing agencies for acquisition and development of land the Bank proposes to ensure that the share of small size plots/flats is not less than seventy five per cent.

The House may recall that the Finance Minister in his Budget Speech of 28th February, 1989 had mentioned that the National Housing Bank in cooperation with scheduled banks is going to launch a Home Loan Account Scheme. The National Housing Bank has now formulated this scheme which provides for regular savings over a minimum period of five years at the end of which, a subscriber to the scheme will be entitled to a loan as a multiple of the accumulated savings (including interest on savings at the compound rate of 10 per cent), in addition to withdrawal of accumulated savings.The amount of loan will be four times the accumulated savings for those seeking built-up accommodation upto 40 sq. meters and two to three times for those seeking larger accommodation. The interest rate on loans up to Rs.50,000 has been kept only half percentage point higher than the deposit rate.

The scheme will be an integrated one for all income groups, in both urban and rural areas. Any individual, not already owning a house anywhere in India, can join the scheme with a minimum contribution of Rs.30 per month or Rs.360 per annum. It will be operated through the scheduled banks initially and, later, extended to other housing finance institutions.

The scheme is intended to mobilise savings specifically linked to housing. The savings will not be allowed to be withdrawn for any other purpose. The National Housing Bank proposes to utilise the savings under the scheme to finance acquisition and development of land by Housing Boards and other public agencies. The Bank will try to persuade these agencies that in the allotment of plots developed or houses constructed by them, they may give preference to the subscribers to the Home Loan Account Scheme.

With your permission, Sir, I beg to lay on the Table of the House a not containing further details of the scheme.

The Vice-Chairman (Shri B. Satyanarayan Reddy) in the Chair.

THE VICE-CHAIRMAN SHRI B SATYANARAYAN REDDY: Now, Members will seeks clarifications.

SHRI SUBRAMANIAN SWAMY (Uttar Pradesh): Sir, I have only two questions to ask: First of all, I would like to ask a clarification on the kinds of people who whould be allowed these refinance facilities. Would it include non-resident Indians, for example, about whom there is a lot of scandal nowadays? That is one.

Secondly, in many countries of the world, the interest paid on loans is deductible for income-tax purposes. Would the Ministry consider that the interest paid on these loans would be deductible for income-tax purposes?

SHRI KAMAL MORARKA (Rajasthan): Sir, I want to seek two clarifications from the Minister specifically:

One is: what would be the rate of interest that would be charged to the borrower? I believe, it would be in the region of 15 per cent. It that is so, then, really small-income groups will not be able to get advantage of the scheme.

SHRI JAGESH DESAI (Maharashtra): It is only half percentage more than the deposit rate.

SHRI KAMAL MORARKD: That is all right. But, since this is a refinance facility, what would be ultimately payable? That is number one.

Number two, since it is refinance, what would be the total quantum of refinance? The IDBI is also refinancing. The HDFC is also refinanceing. What would be the total quantum of refinance available?

Since you are going to refinance through various housing boards and others and since you have to persuade them, it appears that there will be no coordination between the central Housing bank and the various agencies. Will the Government have some sort of a centralised control so that the home-loan-deposit people will get priority and see that the scheme is specifically tailored in a manner that the home-loan-deposit will get advantage of it?

SHRI A. G. KULKARNI (Maharashtra): I welcome the scheme announced in the Budget, the details of which are being kept on the Table of the House. I would like to have the following clarifications:

It has been said that the money which is coming on this account will be kept in deposits in the nationalised banks. I would like to know if the Minister is aware that in every State there is a cooperative housing finance society. In my State there is one. So, I would like to know if such funds can be deposited in the housing cooperative finance society, whose main function is to cater to the housing in cooperatives. Suppose this scheme does not want to encourage cooperation, then the second avenue is the urban cooperative banks which are entitled to give loans to poor individuals. If that is done in this way, there will be a back-up from this side. So, I would request the hon. Minister if the rules do not cover cooperative agencies by default, they should be taken cognisance of either in the urban banks, if it is a loan to individuals or in the State Cooperative Housing Finance Society, if it is a cooperative loan.

Two or three days back we disccussed about the avenues of the State Government being reduced for collecting deposits on small savings, provident funds etc. I would like to know whether this scheme, which is really a welcome scheme, but is giving 10 per cent rate of interest, will directly affect the States' ability to collect small savings or savings of this nature.

SHRI JAGESH DESAI: I am happy that the National Housing Bank will function from now onwards. The Bill was

passed when our Prime Minister was Finance Minister. I would like to have clarifications on three points.

To begin with, loans will be given up to Rs. 50,000 and this has nothing to do with the new scheme of savings for housing. This Rs. 50,000 will be given to anyone. That is what I presume from the Statement. As far as this scheme is concerned, it is linked with the total savings. Minimum amount yearly to be put must be Rs. 360 for four years and the net amount standing to that account, both by way of interest and capital loan, will be given up to four times for those units, which will not be more than forty square metres. For others it may be two or three times. So, I would like to know from the hon. Minister, if I put Rs. 2 lakhs in one year—that means about Rs. 8 lakhs in four years—will I be entitled for Rs. 24 lakhs of loans. That you must clarify because the upper limit has not been shown. I don't think the Government will do like this because we want to encourage only small housing units of not more than forty square metres. So, I would request the Government to consider whether the loans will not be given at least under this loan housing scheme, to units of more than 40 square metres. I would like to have this clarification from the Minister. Secondly, he has said that the rate of interest charged will not be more by half-a-per cent than the interest on the fixed deposits. At present the banks are giving maximum rate of interest, that is, 11 per cent. If the banks raise interest on fixed deposits to 12 per cent then they can charge $12^1/_2$ per cent. May I know from the hon. Minister whether the rate of interest charged will not be more than $11^1/_2$ per cent? I want a correct interpretation on this. May I know from the Minister whether the Government would ensure that 75 per cent of these loans are given to small dwelling units? For this purpose what type of monitoring will be done by his Department so that only those people belonging to weaker sections and having 40 sq. metres get the benefit under this scheme?

SHRI VITHALRAO MADHAVRAO JADHAV (Maharashtra): Mr. Vice-Chairman, Sir, it is a most welcome step taken by the Finance Ministry. I want to seek some clarifications on the Home Loan Account Scheme. This Scheme is intended to help the poor people, economically depressed classes of the society for construction of houses. But I am doubtful whether they will get the benefit under this scheme. May I know from the Minister whether he has given any guidelines that the scheme is meant for persons drawing an income of so many rupees per annum? Otherwise, in big cities like Bombay and other places some *Dadas* will take the benefit under this scheme and they will occupy the plots and grab the plots and then they will distribute their tenancy rights. It should not happen like this. So this should be very well clarified.

Secondly, 50 per cent of the population in urban areas specially in Bombay live in slums. In the same way, if you go to the rural areas you can find only 10 per cent of the houses in good condition and remaining 90 per cent of the houses are just like slums. May I know from the Minister what is the proportion of beneficiaries in the rural areas as well as in the urban areas?

Thirdly, as my friend has asked I want to know whether this scheme is being implemented by the Cooperative Banks or the Grameena Banks situated in the rural areas. These banks are functioning as implementation machinery now. There should be a clearcut demarcation for the banks.

As you know, Sir, 45-50 per cent of the population are below the poverty line in this country. May I know from the Minister whether there is any demarcation that 45-50 per cent of the population living below the poverty line

[Shri Vithalrao Madhanrao Jadhan]

should get the benefit under this scheme? This scheme has been started from the point of view of giving social and economic justice to the economically depressed classes of the society. So what is the social obligation under this scheme? It must be clarified specifically. These are my clarifications. Thank you very much.

SHRI NARREDDY THULASI REDDY (Andhra Pradesh): Sir, according to the statement a member will be eligible for a loan after saving for a minimum period of five years. I think this period is too long. May I know from the Minister whether there is any idea of reducing this period to two years?

Secondly, the saving will earn interest at 10 per cent per annum. These are the poor men's savings. May I know from the Minister whether there is any idea of enhancing the rate of interest given to them?

Thirdly, if the subscriber discontinues his savings in the middle, what would happen?

Will the scheme be implemented all over the country or in certain districts of the country just like Jawahar Rozgaar Yojna? Fifthly, 50 per cent of the people below poverty line cannot participate in this scheme as they cannot save Rs 30 per month. Even if they start the scheme, they will not continue it. So, finally the scheme will become pro-rich, pro-urban and anti-poor and anti-rural. So, is there any idea of exempting these sections from not paying Rs. 30/- per month? Next, is any percentage of houses fixed for the destitutes, very very poor, very poor and above the poverty line people? Sir, in order to solve the housing problem, there must be one family with one house. Is there any scheme with the Government to take over the surplus houses and distribute them to the poor people not having houses? Finally, the Government of Andhra Pradesh has already launched the rural housing programme for weaker sections on an enormously large scale. So, is there any idea of assisting the Government of Andhra Pradesh by this National Housing Bank?

SHRI GHULAM RASOOL MATTO (Jammu and Kashmir): Mr. Vice-Chairman, Sir, I want to ask certain specific questions with regard to banking sector. Number one is, to my mind, as it appears to me, this scheme can become successful only when the banks as such come out in a big way with the money. But the hon. Minister, in his statement, has stated that it will be operated through the Nationalised Banks only. So, does he mean to suggest that those banks which are not Nationalised Banks or Scheduled Banks or those foreign Banks who have large deposits over here, will not be able to contribute to this national effort? Why have thos banks been excluded from the purview of this scheme may kindly be clarified. The second and the most important point that I would like to point out is that the present rate of interest of the banks for fixed deposit is 10 per cent which comes to a compound interest of 14.33 per cent. That means a person after a period of five years can get 14.33 per cent interest if he deposits some money in any bank at the present moment, according to any fixed deposit schemes. The Minister has stated the compound rate of 10 per cent. Does he mean that the ultimate interest that the person will get will be 10 per cent? If it is so, then the effective rate that he will get will be only 6½ per cent. This may be clarified that 10 per cent is the rate and the compound interest will come to 14.33 per cent

The third point is with regard to the multiple that the hon Minister has stated as a multiple of the savings Does the multiple mean two times or three times or four times as mentioned in the latter paragraph? This may kindly be

clarified.

Number four is with regard to Rs. 50,000 reimbursement. Now, Sir, it is all right that this scheme may be good. Now that the cost of construction has gone up so high, this may appear to be very luring to deposit Rs. 30 per month and that would give Rs. 1600 or Rs. 1700 after five years but that would not solve the problem. The problem of housing is as acute in the cities as it is in the rural areas. So, Rs. 50,000 reimbursement to the banks will not be an inducement to them. Will the Minister consider that this amount of Rs. 50,000 reimbursement, re-finance to the scheduled Banks be increased so that the people in the urban and other areas are also able to take benefit out of these schemes?

SHRI SUKOMAL SEN (West Bengal): Sir, I was going through the Minister's statement and I am very sorry to say that it is yet another election stunt in the election year. It is very difficult to make any head or tail out of it after going through it. (*Interruptions*) I am coming to it. First of all, the hon. Minister says that the National Housing Bank would formulate schemes for making housing loans available to the weaker sections of the society. Then, is the National Housing Bank going to formulate another scheme for the weaker sections and is this scheme for the stronger sections of the society? Under this scheme, the minimum deposit is Rs. 30 per month. After a year it becomes Rs. 360. Suppose a man deposits Rs. 30 per month. His total deposit after ten years with be Rs. 3600 plus some ten per cent compound interest which comes to about Rs. 5000. He will get four times that accumulated savings as loan. That means he will get Rs. 20,000 as loan. So a man who saves Rs. 30 per month for ten years can get a loan of Rs. 20,000 all told, under this scheme. Now, we have to take into account the inflation rate also. If you take that to be ten per cent, what will be the position, after ten years, of a man who saves Rs. 30 per month for housing? Will it be possible for him to build even a 'jhonpri' in any area, either urban or rural? So, it seems to me that while formulating the scheme, the Government is not basing it on reality but only on illusion. It wants to create an illusion among the people as an election stunt in the election year. Other wise, how can this scheme work out? I do not understand. I would also like to seek a clarification on how people are really going to be benefited by this scheme and if so, how many people, in their projection, will be benefited by this scheme.

PROF. C. LAKSHMANNA (Andhra Pradesh): Mr. Vice-Chairman, Sir, the Minister has stated that there will be a ten per cent compound interest. I would like to know from him what the inflation rate accepted by him is. If that inflation rate is taken into account every year, will this ten per cent be ten per cent or will it be less? That means, the money that is deposited by a person out of his earnings will not earn ten per cent interest but less than that. In other words, his money is being put to less use. Having stated this, I would like to know from the hon. Minister whether he is aware of the fact that this scheme is beyond the reach of all those who are below the poverty line. I ask this because none who is below the poverty line will ever be able to have Rs. 30 per month as savings. If a person is in a position to have Rs. 30 per month as savings, he would not be below the poverty line. Then, there is no possibility of providing housing, as far as this scheme is concerned, to people who are below the poverty line. If that is the case what other scheme is he contemplating under the National Housing Bank programme to provide housing to those who are below the poverty line? This is the first point on which I seek clarification

The second point for clarification is, he says it will be four times for plots with 40 sq metres and three times for plots which are more than that And there is a ceiling of Rs 50,000 I would like to know

[Prof, C. Lakshmanna]

from the hon. Minister what the minimum rate of savings required will be if one has to get a Rs. 50,000 loan under these two categories. If that savings amount is mentioned to me, I will prove it to him that it is beyond the scope of many people to have that savings and ultimately get the facility under this scheme. I would like to know from him what other schemes he is contemplating which are not linked to this Home Loan Account Scheme by which the people who are badly in need of a house could be provided with shelter when we enter the 21st Century. Instead of concentrating on schemes like this, why can't the hon. Minister come out with programmes which really make housing possible for all by the 21st Century?

Dr. G. VIJAYA MOHAN REDDY (Andhra Pradesh): Land is the most important component and land is forgotten. You cannot get land at all. With such price hikes land has totally disappeared. Black money has taken over all the land and there is no land available. Where do these people get land from to build their houses? That is the question the Minister should consider. Black money has taken away all the available land. Land Ceiling Acts do not work. From where are the poor people going to get land to build their houses, whether in rural areas or in urban areas?

SHRI EDUARDO FELEIRO: Thank you, Mr. Vice-Chairman I thank the honourable Members for their suggestions and I mean it because this is a scheme which is just at the very first stage. As the House will recall, the scheme was just mentioned in the Budget Speech placed before the House just a few days ago. The scheme itself will come into operation on 1st July, when I thank the honourable Members for their suggestions what I mean is that their suggestions will be looked into so that we may improve upon the scheme which is just at the formative stage and which has not yet become operative. But I must avail myself of this opportunity to clarify the viewpoints. Firstly, the scheme is basically meant for the man who has a limited saving capacity. And it is a banking scheme. I must emphasise this that banks deal with loans, they do not deal with grants. I mean this in the context of what has been said here. When there is the question of the man who is very poor, who cannot save even Rs. 30 per month, then the Government will have to take care of such people also; they are also the citizens of the country, they also deserve a shelter. It is the duty of the Government and the Government has, in fact, already some schemes both at the Centre and in some States. As has been mentioned, the Central Government has, for instance, the Indira Awas Yojana where free house sites and houses are given to destitute people. Now, I would like to point out that housing is the responsibility of different Ministries. I have mentioned about Indira Awas Yojana. If I recall right, that is within the purview of the Rural Development Ministry. Obviously, the major Ministry will be the Housing Ministry itself. We have this problem of coordination among the different agencies; in fact, even narrowly, within the different housing financing agencies there is the question of coordination. When one speaks about this question, one has in mind the scheduled commercial banks. Some of the housing financing agencies we have in mind are the Life Insurance Corporation, the General Insurance Corporation, the Housing and Urban Development Corporation, the Apex Cooperative Housing Financing Society, and so on and so forth. One of the endeavours of the National Housing Bank will be precisely to coordinate these efforts so that there is a certain harmony, so that a unified effort is made to meet this very challenging task of having a shelter for all I would just like to say about the inter-institutional flows; the aggregate of disbursements will come to be of the order of Rs. 900 crores in the year just concluded 1987-88 and in the year concluding 1988-89 the estimated

disbursements will be of the order of Rs. 1100 crores. Therefore, our finance for the housing sector is increasing as far as the institutions are concerned. This is just one of the schemes. On the specific point raised about the scheme, it provides for a concessional rate of interest as compared to the other schemes for housing finance. To cite an example, on loans up to Rs. 20,000 the interest rate by banks under the existing guidelines is 12.5%; now under this scheme this interest rate will be lowered from 12.5% to 10.5%. This is a substantial reduction in the rate of interest under the new scheme.

With regard to the other loans from twenty thousand rupees to fifty thousand rupees, from 13.5 per cent, the rate of interest under the present scheme will be 10.5 per cent. For loans from fifty thousand rupees to one lakh, from 14 per cent, a member of this scheme will get the benefit of concessional interest at the rate of 12 per cent and so on and so forth. Because this is basically for the smaller man, the limit of loan available will be up to three lakhs and it will not be more than that. It is meant for the smaller man. But for you, for the bigger man, there is no shortage of avenues to build a house and what we must look to is the man who wants to build a small house and, therefore, I have mentioned this in the context of what has been said here. The question that has been asked here is: "Can you build a house with just fifty thousand rupees?" But I must say that during the last one year I have been to almost all the States in the country, to practically all the States, and I have some knowledge and I can say that even in a State like West Bengal, one can build a house with fifty thousand rupees. One does not have to think of a house of cement and bricks or of flats. One can have a house, build a house, with traditional materials, with usual materials. Therefore, it is not the fifty thousand that is to be considered now. With fifty thousand, one can do somthing else. We must think not merely in terms of modern materials like cement and bricks, but we must also think of construction of a shelter with the available materials, cheap materials, and this is a gallant effort that is to be made. Otherwise, we will not be able to meet the problem of housing which problem raises the need for millions and millions of housing units and which need has been growing over the years. Some people will live in big houses. But the people who cannot afford big houses must have some units and they should not be deprived of a shelter just because they cannot affort a house. Shelter is a must.

Another point that has been raised, and which is a valid point, is that we are giving these loans for building but where the land is on which these this houses will be built. The money that this National Housing Bank will be collecting through this scheme will be advanced to housing boards for the development of sites in different States on this condition that preference will be given to the extent possible to the members of this scheme from whom actually the money comes in the ways I have mentioned. Then again, Sir, in the context of solving the problem of shelter, I must say that this is not meant for those who are already having houses. If a person already owns a house, he will not be entitled to the benefit of this scheme. A person may save. But saving alone is not sufficient to give him or her the benefit of this scheme. It is also necessary that he or she should not have a house or a shelter or a building of his own or her own. Therefore, it is only for those who are houseless or without a shelter of their own at the moment and it is only those people who can get the benefit of this scheme. Now, this scheme will be implemented, in the first instance, through the public sector banks and we will consider the co-operative housing financial institutions also as has been suggested here.

SHRI A. G. KULKARNI: Urban co-operatives.

SHRI EDUARDO FALEIRO: Yes, urban co-operatives and other agencies as we go along and gain experience of working this scheme.

So, Sir, these are some of the points which I wanted to mention and I would like to conclude by saying that we shall do more and more in terms of housing because along with food and clothing, housing should be a priority of any Government and it is definitely a priority of this Government.

SHRI GHULAM RASOOL MATTO: You have not said anything about the deposits.

SHRI EDUARDO FALEIRO: It should be the highest deposit and it will be compounded on the lines of the suggestion of the honourable Member, Sir. At ten per cent it will grow and it will not come down.

SHRI JAGESH DESAI: You have not answered my point. I wanted to know whether there will be any ceiling on the amount of loan to be given.

SHRI EDUARDO FALEIRO: It is three lakhs, not more than three lakhs.

SHRI GHULAM RASOOL MATTO: Good. It is a good thing.

THE VICE-CHAIRMAN (SHRI B. SATYANARAYAN REDDY): Now, the statement by the Minister of Science and Technology.

STATEMENT BY MINISTER

Unit I of Narora Atomic Power Station Attaining Criticality

THE MINISTER OF STATE IN THE MINISTRY OF SCIENCE AND TECHNOLOGY AND THE MINISTER OF STATE IN THE DEPARTMENTS OF OCEAN DEVELOPMENT, ATOMIC ENERGY, ELECTRONICS AND SPACE (SHRI K. R. NARAYANAN): Sir, I am happy to inform hon. Members that the first unit of the Narora Atomic Power Station has attained criticality at 10.40 hours on 12th March 1989. This is another milestone in our plans to harness nuclear energy for economic development and welfare of our people. I would like to congratulate the engineers, Scientists, technicians and other personnel of the Nuclear Power Corporation and various units of the Department of Atomic Energy who have contributed to this achievement. I would also like to congratulate those in industry, consulting engineering organisations and academic institutions who have also been associated in this venture. This achievement is yet another demonstration of the country's self-reliant capability in harnessing nuclear energy for peaceful purposes.

THE VICE-CHAIRMAN (SHRI B. SATYANARAYAN REDDY): Members will seek clarifications.

SHRI JAGESH DESAI (Maharashtra): We compliment the scientist!

SHRI M. S. GURUPADASWAMY (Karnataka): Sir, we in this country attach great importance to atomic energy. Therefore, whenever we achieve something in the field, we congratulate those who are responsible for this venture. Sometimes we congratulate ourselves. I expected a more detailed statement from my friend Mr. Narayanan. I wish he had given us information about the time schedule taken, the economics of the scheme and the future programme.

May I make a comment? Atomic eneregy programmes are suffering from two factors: there is time overrun and cost overrun. I think that has happened even in the Narora project. Second, the capacity that has been created is not being utilized in many many atomic plants. My friend knows it. In Rajasthan plants we are not utilizing the full capacity. In Kalpakkam it is not being utilized. The same thing should not happen here.